

MAJOR GOVERNMENTAL FUNDS

The **General Fund** is the primary operating fund of the City. It accounts for all financial resources except those required to be accounted for in another fund. It derives the majority of its revenues from property, sales, business, and utility taxes.

The **Transportation Fund** accounts for revenues for construction, improvement, repair, or maintenance of City streets and waterways. Revenues include taxes on the sale, distribution, or use of motor vehicle fuel; motor vehicle excise taxes designated for street purposes; and grants.

The **Low-Income Housing Fund** manages activities undertaken by the City to preserve, rehabilitate, or replace low-income housing. It also accounts for a seven-year housing levy approved by the voters in 2002 to provide, produce, and/or preserve affordable housing in Seattle and to assist low-income tenants in Seattle.

The **General Bond Interest and Redemption Fund** receives moneys from excess property tax levies to pay interest costs and principal redemptions on voter-approved general obligation bonds. It also receives moneys from the General Fund, the Fleets and Facilities Fund, and other City funds to pay for interest costs and principal redemptions on councilmanic limited tax general obligation bonds.

Descriptions for the nonmajor governmental funds are provided in the combining statements section.

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BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2005
(In Thousands)

	<u>General</u>	<u>Transportation</u>	<u>Low-Income Housing</u>	<u>General Bond Interest and Redemption</u>
ASSETS				
Cash and Equity in Pooled Investments	\$ 155,270	\$ 4,369	\$ 43,296	\$ 14,239
Cash with Fiscal Agent	-	-	-	20
Receivables, Net of Allowances				
Taxes	41,939	-	234	505
Accounts	2,120	2,007	-	-
Contracts and Notes	1	3	-	-
Interest and Dividends	535	136	113	10
Unbilled and Others	89	1,464	-	-
Due from Other Funds	11,524	3,041	-	26
Interfund Loans	-	-	-	-
Due from Other Governments	41,065	19,530	694	139
Inventories	41	-	-	-
Prepaid and Other Current Assets	697	-	-	-
Contracts and Notes - Noncurrent	6,084	-	198,856	-
Advances to Other Funds/Interfund Notes Receivable	11,001	-	-	-
Deferred Charges and Other Assets	942	-	-	-
Total Assets	<u>\$ 271,308</u>	<u>\$ 30,550</u>	<u>\$ 243,193</u>	<u>\$ 14,939</u>
LIABILITIES				
Accounts Payable	\$ 16,191	\$ 11,108	\$ 443	\$ -
Matured Long-Term Debt - Principal	-	-	-	20
Contracts Payable	254	903	-	-
Due to Other Funds	6,656	2,671	280	-
Due to Other Governments	3,573	-	5	7
Salaries, Benefits, and Taxes Payable	16,354	2,041	-	-
Interest Payable	3	6	4	-
Deposits Payable	733	145	138	-
Revenue Collected/Billed in Advance - Current	2,456	16	-	-
Other Current Liabilities	201	-	-	-
Advances from Other Funds	-	-	-	-
Deferred Revenues	21,215	2,573	199,090	505
Total Liabilities	67,636	19,463	199,960	532

The accompanying notes are an integral part of these financial statements.

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**BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2005
(In Thousands)**

		Comparative Totals	
	Other Governmental	2005	Restated 2004
ASSETS			
Cash and Equity in Pooled Investments	\$ 170,959	\$ 388,133	\$ 299,597
Cash with Fiscal Agent	-	20	55
Receivables, Net of Allowances			
Taxes	5,421	48,099	44,152
Accounts	4,104	8,231	8,840
Contracts and Notes	2	6	4
Interest and Dividends	489	1,283	107
Unbilled and Others	1,343	2,896	1,473
Due from Other Funds	8,448	23,039	24,860
Interfund Loans	-	-	5,159
Due from Other Governments	15,824	77,252	67,216
Inventories	957	998	970
Prepaid and Other Current Assets	-	697	1,860
Contracts and Notes - Noncurrent	50,513	255,453	255,050
Advances to Other Funds/Interfund Notes Receivable	-	11,001	18,952
Deferred Charges and Other Assets	369	1,311	19,025
Total Assets	\$ 258,429	\$ 818,419	\$ 747,320
LIABILITIES			
Accounts Payable	\$ 27,537	\$ 55,279	\$ 44,861
Matured Long-Term Debt - Principal	-	20	55
Contracts Payable	2,064	3,221	2,381
Due to Other Funds	8,707	18,314	40,325
Due to Other Governments	3,368	6,953	11,045
Salaries, Benefits, and Taxes Payable	6,589	24,984	23,360
Interest Payable	40	53	-
Deposits Payable	166	1,182	1,004
Revenue Collected/Billed in Advance - Current	1,454	3,926	3,261
Other Current Liabilities	131	332	527
Advances from Other Funds	7,501	7,501	14,351
Deferred Revenues	52,314	275,697	273,526
Total Liabilities	109,871	397,462	414,696

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BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2005
(In Thousands)

	<u>General</u>	<u>Transportation</u>	<u>Low-Income Housing</u>	<u>General Bond Interest and Redemption</u>
FUND BALANCES				
Reserves Legally Segregated for Future Use				
Capital Improvements	\$ 34,896	\$ -	\$ -	\$ -
Continuing Appropriations	19,057	11,084	280	-
Debt Service	18,260	-	-	14,407
Encumbrances	6,786	-	26,005	-
Health Care Union Rate Stabilization	3,153	-	-	-
Reserves Not Available for Appropriation				
Endowments	-	-	-	-
Gifts	-	-	-	-
Interfund Loans	11,001	-	-	-
Inventories	-	-	-	-
Petty Cash	2,702	3	-	-
Unreserved, Reported in				
Major Funds				
Designated for Special Purposes	73,959	-	-	-
Undesignated	33,858	-	16,948	-
Special Revenue Funds	-	-	-	-
Capital Projects Funds	-	-	-	-
Permanent Funds	-	-	-	-
Total Fund Balances	<u>203,672</u>	<u>11,087</u>	<u>43,233</u>	<u>14,407</u>
Total Liabilities and Fund Balances	<u>\$ 271,308</u>	<u>\$ 30,550</u>	<u>\$ 243,193</u>	<u>\$ 14,939</u>

The accompanying notes are an integral part of these financial statements.

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**BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2005
(In Thousands)**

		Comparative Totals	
	Other Governmental	2005	Restated 2004
FUND BALANCES			
Reserves Legally Segregated for Future Use			
Capital Improvements	\$ 110,260	\$ 145,156	\$ 138,602
Continuing Appropriations	16,663	47,084	33,982
Debt Service	702	33,369	27,718
Encumbrances	1,446	34,237	40,096
Health Care Union Rate Stabilization	-	3,153	3,281
Reserves Not Available for Appropriation			
Endowments	2,050	2,050	2,050
Gifts	2,288	2,288	9,289
Interfund Loans	-	11,001	18,952
Inventories	711	711	-
Petty Cash	18	2,723	2,713
Unreserved, Reported in			
Major Funds			
Designated for Special Purposes	-	73,959	21,081
Undesignated	-	50,806	33,592
Special Revenue Funds	14,420	14,420	4,387
Capital Projects Funds	-	-	(3,138)
Permanent Funds	-	-	19
Total Fund Balances	148,558	420,957	332,624
Total Liabilities and Fund Balances	\$ 258,429		

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	2,372,859	2,295,132
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	5,919	25,767
Internal service funds are used by management to charge the costs of Fleets and Facilities, Information Technology, and Engineering Services to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net assets. Adjustments to reflect the consolidation of internal service fund (ISF) activities related to enterprise funds and prior-year adjustment (B-6) are added back to ISF total net assets, and the latter amounts are included in governmental activities.	107,276	105,350
Negative net pension obligation shown as Net Pension Asset in governmental activities (Note 10).	78,064	78,064
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(957,180)</u>	<u>(1,012,922)</u>
Net Adjustments	<u>1,606,938</u>	<u>1,491,391</u>
Net Assets of Governmental Activities	<u>\$ 2,027,896</u>	<u>\$ 1,824,015</u>

The accompanying notes are an integral part of these financial statements.

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STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES

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IN FUND BALANCES

GOVERNMENTAL FUNDS

For the Year Ended December 31, 2005

(In Thousands)

	General	Transportation	Low-Income Housing	General Bond Interest and Redemption
REVENUES				
Taxes	\$ 659,686	\$ -	\$ 11,859	\$ 25,940
Licenses and Permits	18,686	6,012	-	-
Grants, Shared Revenues, and Contributions	22,910	43,507	6,409	-
Charges for Services	54,387	30,970	10	-
Fines and Forfeits	17,023	5	-	-
Parking Fees and Space Rent	15,069	109	25	8,837
Program Income, Interest, and Miscellaneous Revenues	21,523	604	5,201	1,029
Total Revenues	809,284	81,207	23,504	35,806
EXPENDITURES				
Current				
General Government	131,371	-	-	-
Judicial	19,229	-	-	-
Public Safety	329,481	-	-	-
Physical Environment	6,512	-	-	-
Transportation	16,089	69,329	-	-
Economic Environment	15,247	-	27,201	-
Health and Human Services	335	-	-	-
Culture and Recreation	3,266	-	-	-
Capital Outlay				
General Government	5,000	-	-	-
Public Safety	4,817	-	-	-
Judicial	6	-	-	-
Transportation	-	61,555	-	-
Culture and Recreation	14,940	-	-	-
Debt Service				
Principal	-	1,745	-	90,420
Advance Refunding to Escrow	-	-	-	9,596
Interest	-	438	-	36,019
Bond Issuance Cost	-	36	-	264
Other	40	-	-	-
Total Expenditures	546,333	133,103	27,201	136,299
Excess (Deficiency) of Revenues Over Expenditures	262,951	(51,896)	(3,697)	(100,493)
OTHER FINANCING SOURCES (USES)				
Long-Term Debt Issued	-	2,750	-	71,450
Premium on Bonds Issued	-	-	-	4,545
Payment to Refunded Bond Escrow Agent	-	-	-	(75,412)
Sales of Capital Assets	14,301	-	298	-
Transfers In	10,106	51,206	-	100,065
Transfers Out	(215,862)	(452)	-	-
Total Other Financing Sources (Uses)	(191,455)	53,504	298	100,648
Net Change in Fund Balances	71,496	1,608	(3,399)	155
Fund Balances - Beginning of Year	132,176	9,479	46,632	14,252
Fund Balances - End of Year	\$ 203,672	\$ 11,087	\$ 43,233	\$ 14,407

The accompanying notes are an integral part of these financial statements.

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STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES

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IN FUND BALANCES

GOVERNMENTAL FUNDS

For the Year Ended December 31, 2005

(In Thousands)

		<u>Comparative Totals</u>	
	<u>Other Governmental</u>	<u>2005</u>	<u>Restated 2004</u>
REVENUES			
Taxes	\$ 102,443	\$ 799,928	\$ 731,373
Licenses and Permits	914	25,612	19,028
Grants, Shared Revenues, and Contributions	58,759	131,585	117,362
Charges for Services	42,069	127,436	112,690
Fines and Forfeits	2,731	19,759	20,795
Parking Fees and Space Rent	18,663	42,703	49,548
Program Income, Interest, and Miscellaneous Revenues	40,611	68,968	32,497
Total Revenues	266,190	1,215,991	1,083,293
EXPENDITURES			
Current			
General Government	4,938	136,309	135,100
Judicial	-	19,229	19,057
Public Safety	4,067	333,548	310,112
Physical Environment	390	6,902	5,814
Transportation	9,388	94,806	69,448
Economic Environment	56,294	98,742	82,525
Health and Human Services	29,581	29,916	27,988
Culture and Recreation	178,052	181,318	182,128
Capital Outlay			
General Government	31,885	36,885	50,014
Public Safety	12	4,829	5,804
Judicial	-	6	-
Transportation	-	61,555	43,788
Culture and Recreation	62,083	77,023	97,426
Debt Service			
Principal	33	92,198	50,736
Advance Refunding to Escrow	-	9,596	4,558
Interest	5	36,462	40,254
Bond Issuance Cost	138	438	799
Other	-	40	160
Total Expenditures	376,866	1,219,802	1,125,711
Excess (Deficiency) of Revenues Over Expenditures	(110,676)	(3,811)	(42,418)
OTHER FINANCING SOURCES (USES)			
Long-Term Debt Issued	58,090	132,290	91,805
Premium on Bonds Issued	3,292	7,837	4,322
Payment to Refunded Bond Escrow Agent	-	(75,412)	(92,833)
Sales of Capital Assets	12,619	27,218	2,980
Transfers In	128,692	290,069	231,518
Transfers Out	(73,543)	(289,857)	(242,663)
Total Other Financing Sources (Uses)	129,150	92,145	(4,871)
Net Change in Fund Balances	18,474	88,334	(47,289)
Fund Balances - Beginning of Year	130,084	332,623	379,912
Fund Balances - End of Year	\$ 148,558	\$ 420,957	\$ 332,623

The accompanying notes are an integral part of these financial statements.

**B-5 RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2005
(In Thousands)**

	Comparative Totals	
	2005	Restated 2004
Amounts reported for governmental activities in the statement of activities are different because:		
Net change in fund balance - total governmental funds	\$ 88,334	\$ (47,289)
Governmental funds report capital outlay as expenditures. However, in the statement of activities the cost of those assets is allocated over the estimated useful lives and reported as depreciation expense:		
Depreciation expense for the year	(69,734)	(62,976)
Capital outlay reported as expenditure	164,775	185,749
Retirement and sale of capital assets	(18,985)	(577)
Capital assets received as donations	1,671	381
Collection of interfund receivable related to sale of capital assets as deferred to governmental funds	(5,159)	-
The long-term loan receivable from Seattle Monorail project is recorded as deferred revenue in governmental funds.	(20,000)	-
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	152	14
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance cost, premium, discount, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. These amounts are the result of the differences in the treatment of long-term debt and related items:		
Proceeds of general obligation bonds	(58,090)	-
Proceeds of long-term intergovernmental loan	(2,750)	-
Premium on general obligation bonds	(7,837)	(4,322)
Proceeds from bond refunding	(71,450)	(91,805)
Capital lease payments	-	39
Principal payments bonds/notes	92,197	50,697
Bond interest accruals	(3,116)	2,654
Remittance to refunding escrow using City funds	9,599	4,558
Bond issuance cost deferrals	478	799
Amortization of accounting loss on early extinguishment of long-term debt	(406)	(3,919)
Remittance to refunding escrow using refunding proceeds, including related premiums	75,412	92,833
Amortization of bond discounts, premiums, refunding losses, and debt expense	(287)	(260)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:		
Compensated absences	(1,561)	(2,908)
Injury and damage claims	28,204	(10,422)
Workers' compensation	370	(909)
Arbitrage	137	1,127
Internal service funds are used by management to charge the cost of Fleets and Facilities, Information Technology, and Engineering Services to individual funds. Adjustments reflect the consolidation of internal service funds activities to governmental funds:		
Operating loss (income) allocated to proprietary funds	(1,561)	552
Net revenue of internal service funds activities reported with governmental activities	3,487	1,843
Change in Net Assets of Governmental Activities	<u>\$ 203,880</u>	<u>\$ 115,859</u>

The accompanying notes are an integral part of these financial statements.